



## Do Over? Or Do Better?

### When it's time to fix a compromised APO implementation, what guides the decision to attempt repair vs. making a fresh start?

Adopting SAP-APO technology isn't cheap, so expectations are high for benefits to result. However, it's frequently the case that implementation is a bumpy ride and the results are elusive. At some point, companies are often confronted with the need to reevaluate their tools and process to figure out how to reengage and move process performance to a higher level.

At stake here is a fundamental question: "can we salvage our existing implementation?" Because APO is built on a complex series of configuration decisions, the knee jerk reaction can be to rebuild more or less from the ground up. The implications of this decision are big, and it is important to deconstruct the issues thoughtfully before rushing to a conclusion. This breakdown of factors will allow for a *Do Over or Do Better* decision that is arrived at with confidence.

### Typical implementation deficiencies—take the test!

Spinnaker's 5 Lenses framework helps clients understand where their APO implementation is working well and where there are important areas to "level up." These are:

- **People:** are you staffed, trained, and organized as needed?
- **Process:** do your business practices give you the results you want?
- **Technology:** are your systems and data up to snuff?
- **Policies:** do the rules of your business really match your supposed goals?
- **Metrics:** are your definitions of performance and operational health driving the right balance?

Lens	Description	Yes?
People	People never reached alignment on <i>company-wide</i> planning objectives. APO is an <i>integrating</i> solution automating direct use of other functions' work products, in contrast to the Excel days where each practitioner could tweak the inputs they received to their taste. The departmental silos are now fighting the system as much as they used to fight each other.	
People	Education was inadequate. Often, training emphasizes individual system features while failing to illuminate the business distinctions and requirements of the new process that is expected to be adopted.	
People	Designers and functional decision makers were not sufficiently well versed in system capabilities or best practices. Foundational design and configuration focused on technology instead of business direction. Business stakeholders put numerous corner cases on the table but did not maintain a sense of proportion.	
Process	Practitioners tried to make APO replicate their legacy processes, even when those processes conflicted with essential supply chain principles embodied in APO.	
Process	New capabilities were pursued without ensuring required foundational processes. For example, GATP isn't up to snuff, but supply planning was not made sufficiently robust; or, demand planning views failed to tie with desired allocation capabilities.	
Process	Staff are "skirting" the system. APO is complex to learn and often viewed as inefficient. The response to go-live issues was new sideband processes that let practitioners continue working outside the system.	
Process	Overdesigned in-line gates and controls for exceptions that should have been managed out of the process in the first place. Double-checking and non-value-added steps make the process inflexible and top-heavy.	
Technology	Planning Book / Data Views are misaligned with the demand planning process reality. Demand planning includes repeated cycles of downloads to Excel with outboard manipulation and re-upload. Statistical forecasting is poorly adapted and is viewed as a speed bump rather than a process aid.	
Technology	APO attributes were created mainly as characteristics (CVCs), which are usually defined early, when the project team is least attuned to their implications and there is a tendency to put everything in that basket. In fact, CVCs should stress simplicity based on known-stable attributes, while Navigational Attributes can be added and amended down the road as more requirements, such as for reporting, emerge.	
Technology	The implementation was heavy in ABAP modifications and customizations in general. The technical team took business requirements at face value and was not effective in synthesizing "vanilla" workarounds. System is both brittle and sluggish.	
Policies	The outputs of APO don't line up with business assumptions. For example, supply plan periods and horizons don't match the expectations of the plants, or inventory targets quantitatively modeled don't match subjective business conventions.	
Policies	Fundamental assumptions about the nature of demand and supply planning never reflected in APO. For example, the sales forecast comes in at the end-user level, but the final demand plan must include significant sell-in demand to distribution.	
Metrics	Benchmarks/KPIs focus too much on supply chain staff productivity and not enough on end-to-end supply chain health improvements.	
Metrics	Often, the tool is blamed even though KPIs like Forecast Accuracy aren't going to get better simply because of a new tool. If a key metric is not improving, then the consensus process, assumptions, and inputs need to be assessed as well.	

## The “re-do or repair?” implications of typical issues

When *people* issues are at the top of the list, there’s a wait-and-see element to choosing a course of action. It’s important to close the worst of the practitioner gaps *before* deciding what specifically needs to change—it could be nothing but attitudes and understanding.

*Process* challenges usually have tool misalignment and departmental disconnects at their core. APO works in a predictable way, but maybe the team customized it into a corner. Usually, the best way forward is to re-introduce the flow of work with APO in its “vanilla” form and put renewed push-back on requirements that made it depart from that flow.

With the *technology* itself, the kinds of implementation problems that arise due to baseline configuration decisions (CVCs, etc.) are difficult to back out later. The same is true with technology decisions such as using ECC ATP instead of GATP, for example, simply because entire module capabilities need to be enabled/disabled. When there is significant customization embedded in the implementation, especially ABAP-based, it can be harder to work through that complexity than simply starting over. Re-implementation is often easier.

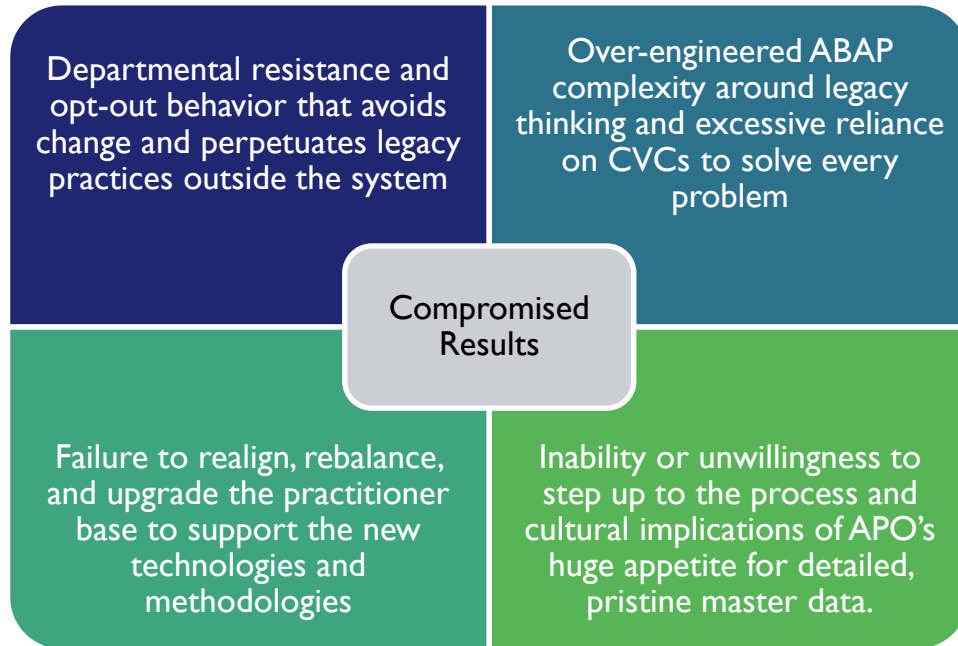
However, when constant data issues are what repeatedly brings the system to its knees, it’s harder to prove that something was done wrong with the tool itself. Data issues are eminently solvable, even though many organizations lack the will to do it.

*Business policy* often is the culprit behind tool-process conflicts. Typical pressure to “make the numbers” is at odds with native demand-driven flow, and tends to create bogus “requirements” that try to introduce push behavior into a basically pull system. Inventory, too, is brought into sharper focus than typically seat-of-the-pants previous approaches, and attempts to implement sophisticated tools are severely compromised by lack of operating strategy and depth of analysis. When issues point to policy and business rule concerns, it’s safe to say that the repair also lies in that direction, and the tool is relatively blameless.

*Metrics-driven* concerns are often a gap in the metrics themselves. It would be unusual for some KPI to drive a re-implementation decision, unless previous configuration decisions were assessed with a conclusion that APO behavior had been directed *away* from the desired flow.

## The recurring themes of impaired implementations: recognizing what needs to be different the second time around

Some themes continue to crop up in dismal project outcomes. However, the supposedly 20/20 hindsight often avoids discussing the most uncomfortable and damning of these:



APO can be a change driver if embraced in a thoughtful, holistic way. The most difficult dimensions of adoption are those that elevate it to fundamental restructuring of how supply chains operate, but these are the factors that require a tenacious investment in rethinking the metrics of success, the definition of individual performance, and the role of each part of the organization in pursuit of supply chain excellence.

### Driving to decisions

It can be hard to decide to dive in again after what was likely a major investment on the first try. Looking forward, however, business performance improvement remains the objective, and incremental effort may yield substantial results. The important element is to effectively apply the insights learned in previous cycles, and not repeat avoidable mistakes. Success at this requires a comprehensive framework and candid consideration of the real situation.

Spinner is an atypical service provider, uniquely qualified to help companies learn from their own experience and leverage all the factors that contribute to beneficial adoption of APO technology. *Even if it's on the second lap.*

We hope you found this information to be helpful. To access more Spinnaker thought leadership [click here](#), or to learn more about our services [click here](#).

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### **About Spinnaker:**

Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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